

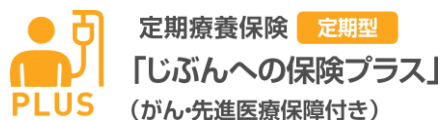
October 2, 2012

Haruaki Deguchi, President/Founder
 LIFENET INSURANCE COMPANY
 (Securities Code: 7157, TSE Mothers)

Lifenet starts sales of the new copayment-linked medical insurance “Jibun Plus” (with cancer and advanced medical care coverage) today

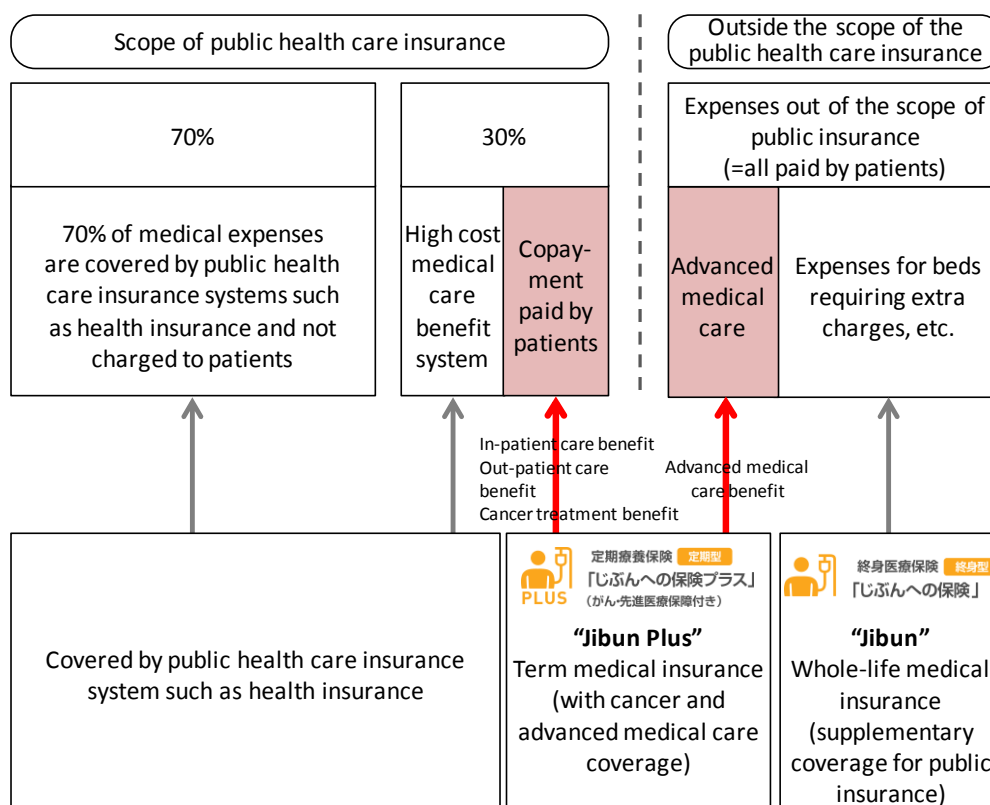
Loading rates disclosed with product launch

TOKYO, October 2, 2012 - LIFENET INSURANCE COMPANY (“Lifenet”; TSE Mothers 7157, President/Founder: Haruaki Deguchi, URL:<http://ir.lifenet-seimei.co.jp/en/>) announces the starting of sales of its copayment-linked medical insurance “Jibun Plus” (with cancer and advanced medical care coverage) today.



The new copayment-linked term medical insurance “Jibun Plus” (with cancer and advanced medical care coverage) not only offers copayment-linked benefits that help reduce policyholders’ copayment in the public health care insurance system, but also meets wide-ranging needs related to medical expenses with its coverage for cancers and advanced medical care. Estimations and applications for this product are available from today, 24 hours a day via Lifenet’s PC, mobile phone, and smart phone websites.

■ Scope of public health care insurance and Lifenet medical insurance products



■Overview of “Jibun Plus” (with cancer and advanced medical care coverage)

- ✓ Coverage of individual copayment in the public health care insurance system regardless of the number of days of hospitalization, and of whether it is in-patient or out-patient care
- ✓ Coverage for “cancer” and “advanced medical care,” in addition to ordinary in-patient and out-patient care
(Coverage for “cancer”: JPY1 million as a lump-sum benefit on first-time diagnosis + JPY1 million per year during the continuing medical care; and coverage for “advanced medical care”: same amount as technical fees)
- ✓ Use of 10-year “term” to keep premiums for younger people at reasonable levels
- ✓ Affordable insurance premiums realized by online sales
Example: the monthly insurance premiums is JPY 1,499 for 30-year-old males, and JPY 2,207 for 30-year-old females
- ✓ 24-hour online application is available on PC, mobile phone, and smart phone websites

■Why “Jibun Plus”?

Lifenet, based on its Manifesto; to offer comprehensible, reasonable, and convenient, has been selling the whole-life medical insurance “Jibun” characterized by its simple and comprehensible coverage with no riders since its business operation started in May 2008.


Concurrently, the Japanese medical environment is changing drastically, with shorter hospitalization periods, higher hospitalization costs per day, and the shift from hospitalization to out-patient treatment of cancer, which is now one of the leading causes of death in the country. As a result, it has become common for the actual medical care to not match the content of insurance benefits offered in whole-life medical insurance products; benefits which are linked with the number of days of hospitalization and limited the maximum number of days of hospitalization to a certain number of days, such as 60 days or 180 days, both criteria which are mainstream in private medical insurance.

Lifenet believes that private medical insurance should adapt in response to the changes in various aspects of the environment surrounding medical care. The answer Lifenet has reached to realize this is to offer a product with term medical insurance benefits which are linked with copayment regardless of hospitalization period and which covers cancer and advanced medical care.

The background of the product development is explained in the following attachment.

Reference: Trends in Japan’s medical care and private medical insurance

Table: Trends in medical care and private medical insurance coverage in Japan

Trends in medical practice	Mainstream private medical insurance	
1. Shorter periods and higher expenses of hospitalization	Benefits linked with the number of days of hospitalization	 “Jibun Plus” 定期療養保険 定期型 「じぶんへの保険プラス」 (がん・先進医療保障付き)
2. Long-term hospitalization occurring with a fixed probability	Limit for number of days covered per hospitalization (60 days or 180 days etc.)	
3. Shift from hospitalization to out-patient in cancer treatment	Hospitalization/Outpatient-period-linked benefits	Lump-sum diagnosis and treatment benefit of JPY 1 million + benefits linked with copayment for both hospitalization and out-patient
4. Generous coverage for the elderly aged 70 and over by public health care insurance system	Whole-life	Term (renewed every 10 years up to 70 years old)

■ Simultaneous renewal of premium simulation website pages

At the same timing as this new product launch, Lifenet fully renewed the premium simulation pages on its PC, mobile phone and smart phone websites. Premium simulations are easily available by selecting a product or insurance program from any of Lifenet’s websites.

● PC website



The screenshot shows the LIFENET PC website's premium simulation interface. At the top, there's a navigation bar with the LIFENET logo and contact information (0120-205566). Below this, a green bar contains menu items like 'ライフネット生命のヒミツ' and '保険商品のご案内'. The main content area is titled '保険料見積り' (Premium Estimation) and features a form for a 30-year-old male. It lists four insurance options: 'かぞへへの保険' (Family Protection), 'じぶんへの保険' (Myself Protection), 'じぶんへの保険 PLUS' (Myself Protection PLUS), and '働く人への保険' (Working People Protection). Each option shows its monthly premium and a '商品情報' (Product Info) link. A summary box at the bottom indicates a total monthly premium of 6,434 yen. Navigation buttons for '資料請求' (Request for Materials) and '申し込み手続きへ' (Proceed to Application) are visible.

● Smart phone website

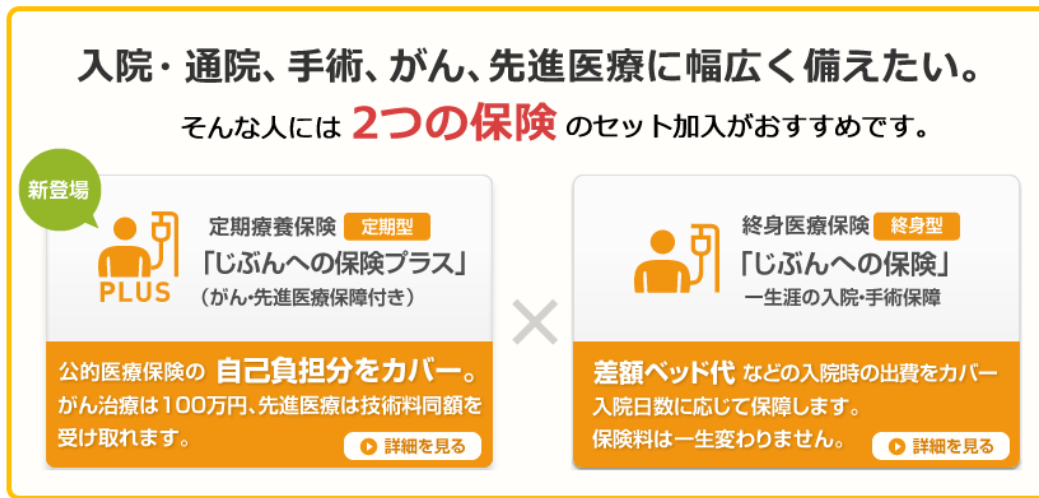


The screenshot shows the LIFENET smart phone website's premium simulation interface. It features a green header with the LIFENET logo and a navigation bar with '< 保険料見積り >' and '保険商品の選択'. The main content area is titled '保険料見積り' and includes a form for a 30-year-old male. It lists four insurance options: 'かぞへへの保険' (Family Protection), 'じぶんへの保険' (Myself Protection), 'じぶんへの保険 PLUS' (Myself Protection PLUS), and '働く人への保険' (Working People Protection). Each option shows its monthly premium and a '商品情報' (Product Info) link. A summary box at the bottom indicates a total monthly premium of 6,434 yen. Navigation buttons for '資料請求' (Request for Materials) and '申し込み手続きへ' (Proceed to Application) are visible.

■ Enriched coverage secured by combining “Jibun Plus” with whole-life medical insurance “Jibun”

By providing individual customers with both “Jibun Plus” (medical insurance with benefits linked with policyholders’ copayment in the public health care insurance system and fees related to advanced medical care) and “Jibun” (benefits linked with hospitalization-related expenses not covered by the public health care insurance such as expenses for beds requiring extra charges), Lifenet is now able to offer customers with a stronger product line-up, better meeting the needs and wants of both individual customers and the medical situation of the country.

- Image of introduction page combining both products (PC website)



■ Loading rates disclosed with product launch

Lifenet believes that the basis of developing services that are trusted by its customers is to full information disclosure, and has disclosed the loading rates, which is basically synonymous with operation costs, for all products. Lifenet is fully disclosing the loading rates for Jibun Plus today, at the time of its sales launch.

The loading rates for the newly launched term medical insurance “Jibun Plus” is the total of the following three items. (The calculation method is the same for all products.)

- JPY 250 per policy-in-force (per month)
- 15% of (gross) premium after deducting fixed portion of JPY250 per month
- 3% of planned insurance claims or benefits to be paid

Specific expense loadings for the term medical insurance “Jibun Plus” are as follows:

(JPY)

Male	Monthly premium			
		Net premium	Expense loading	Loading rate
Age 20	1,197	782	415	35%
30	1,499	1,031	468	31%
40	2,508	1,864	644	26%
50	4,855	3,801	1,054	22%
60	9,627	7,739	1,888	20%

(JPY)

Female	Monthly premium			
		Net premium	Expense loading	Loading rate
Age 20	1,473	1,009	464	32%
30	2,207	1,615	592	27%
40	3,371	2,576	795	24%
50	4,790	3,747	1,043	22%
60	6,772	5,383	1,389	21%

Customers can look into expense loadings for the existing products -- death coverage (term-life insurance) “Kazoku,” whole-life medical insurance “Jibun,” and personal long-term disability insurance “Hataraku-Hito” -- on the website below (Only Japanese):
http://www.lifenet-seimei.co.jp/shared/pdf/insurance_table.pdf

■Examples of benefits

Case 1: Hospitalization with acute appendicitis

A full time housewife, Ms. A, who has health insurance and is a policyholder of “Jibun Plus,” was hospitalized for 7 days (within the same month) due to appendicitis, and had an operation during the hospitalization.

Treatments	Copayment by patient	Benefits of “Jibun Plus”
Medical service fee points during hospitalization = 26,291 pt	JPY78,873 Total hospitalization expenses covered by insurance were JPY262,910 (26,291 medical service fee points). Copayment ratio is 30 % and copayment amount after public health care insurance coverage was JPY78,873.	JPY78,873 (In-patient care benefit) Medical service fee points (26,291 pt.) × JPY3 = JPY78,873
	Total copayment JPY78,873	Total benefits JPY78,873

Case 2: Hospitalization with colon cancer

The following is a case of a company employee, Mr. B, with health insurance and a general class income, who was found to have colon cancer (non-advanced) at a medical exam and hospitalized, had surgery during the hospitalization, and was discharged after 15 days (within the same month).

Treatments	Copayment by patient	Benefits of “Jibun Plus”
Medical service fee points during hospitalization = 128,288 points	JPY 90,259 Total hospitalization expenses covered by insurance: JPY 1,282,880 (128,288 medical service fee points). Copayment ratio is 30% and copayment amount after public health care insurance coverage was JPY 384,864. High cost medical care benefit system (general income class) were also applied and the final copayment amount totalled JPY 90,259.	In-patient care benefit: JPY 100,000 Medical service fee points (128,288 points) × JPY 3 = JPY 384,864 The maximum payment limit for a month (first day to the last day of the month) of JPY 100,000 was applied.
First-time diagnosis of cancer (malignant neoplasm)	JPY 0 It may take such costs as transportation and accommodation for outpatient care.	Cancer treatment benefit: Lump-sum benefit JPY 1,000,000
	Total copayment JPY 90,259	Total benefits JPY 1,100,000

■Product details

Sales name		“Jibun Plus” (with cancer and advanced medical care coverage)
Age at issue		18 to 60
Benefits	1. In-patient care benefit	Medical service fee points related to in-patient care covered by public health care insurance x JPY3 (copayment amount of medical expenses) for hospitalization of 1 night or longer
	2. Out-patient care benefit	Medical service fee points related to out-patient care covered by public health care insurance x JPY1.5 (half of copayment amount of medical expenses) for out-patient (including one-day hospitalization) within 30 days prior to and 90 days after hospitalization
	3. Cancer treatment benefit	1. After 90 days from the inception date of policy, on first-time diagnosis of cancer (malignant neoplasm) JPY1 million 2. For three major cancer (malignant neoplasm) treatments JPY1 million (once a year)
	4. Advanced medical care benefit	The same amount as technical fees related to advanced medical care received
Maximum amount of total payment		JPY 20 million
Policy term		10 years (automatic renewal up to age 70)
Premium payment period		Same as policy term
Mode of premium payment		Monthly payment only (account transfer or credit card)
Waiver of premium		Available
Cash surrender value		N/A
Policyholder dividends		N/A
Riders		N/A

About LIFENET URL: <http://ir.lifenet-seimei.co.jp/en/>

Returning to the original purpose of life insurance - mutual support - LIFENET INSURANCE was founded with the goal of offering simple, convenient and competitively priced products and services based on the highest levels of business integrity. We sell these products and services directly to customers over the Internet. By using the Internet, we are able to offer highly cost-competitive products and accept applications from customers at any given time.

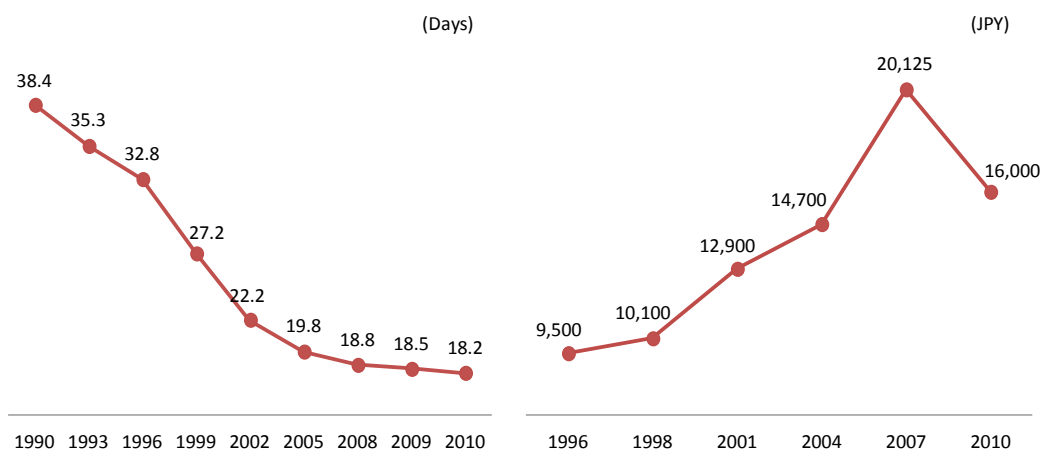
<p>Contact:</p> <p>Corporate Development Department, Investor Relations</p> <p>Tel : +81-3-5216-7900</p> <p>e-mail: ir@lifenet-seimei.co.jp</p>
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Reference: Trends in Japan’s medical care and private medical insurance

■[Trends in medical care 1] Shorter hospitalization periods and higher hospitalization expenses

In Japan, the average numbers of days of hospitalization have been continuously decreasing due to various factors such as the improvement of medical technologies, social security measures by the nation and authorities, and awareness of the improvement of patients’ QOL (Quality of Life) in the medical care. In addition, patients’ copayment per hospitalization has been on the increase (See Table1). On the other hand, insurance with benefits linked with the number of days of hospitalization has been the mainstream of private medical insurance. Therefore, the gap between the trends in medical care and the content of insurance benefits is gradually widening.

Table 1: Average numbers of days of hospitalization (left) and patients’ copayment per day during hospitalization (right)*



* (right) Up to and including fiscal year 2001, the most recent period of hospitalization during the preceding year was used for the average, whereas from fiscal year 2004, the most recent period of hospitalization during the preceding five years was used for the average. In the case that the high cost medical care benefit system is used, payment amounts shown are those after use, including charges for medical care, food and expenses for beds requiring extra charges.

Source: “Hospital Report,” the Ministry of Health, Labour and Welfare (left), “Research on awareness and the state of preparations for life security,” Japan Institute of Life Insurance (right)

■ [Trends in medical care 2] Long-term hospitalization with larger copayment occurring with a fixed probability

Despite the decrease in the average numbers of days of hospitalization, cases of serious diseases or injuries that require long-term hospitalizations occur with a fixed probability. Even though the absolute rates of occurrence are low, 5.8% of all inpatients need to be hospitalized for 2 months or longer, 0.7% for 6 months or longer (See Table2) and high medical expenses occur over long periods in such cases. Private medical insurance policies where the maximum number of days eligible for hospitalization benefit payments is limited to 60 days, 180 days, etc., are sometimes not enough to cover expenses during an entire hospitalization period.

Table 2: Average length of stay for estimated discharged patients in general beds (hospitals)

Length of stay	Number of patients (Thousands)	Ratio	Payment of hospital benefits to medical insurance policyholders	
			Max. number of days= 60 days	Max. number of days=180 days
0 - 14 days	719.3	67.6%	Paid 94.2%	Paid 99.3%
15 days - less than 1 month	177.4	16.7%		
1 month - less than 2 months	102.7	9.7%	Not paid 5.8%	Not paid 0.7%
2 months - less than 6 months	54.7	5.1%		
6 months - less than 1 year	4.7	0.4%		
1 year or more	2.7	0.3%		
Unknown	2.3	0.2%		

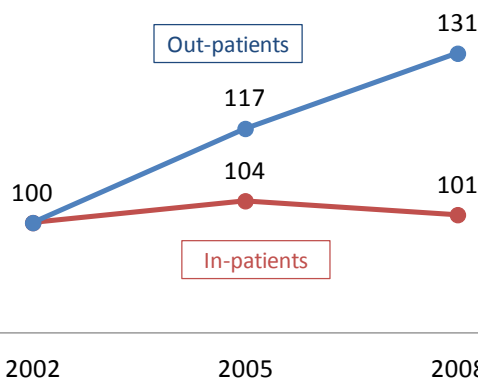
Source: "Patient Survey 2008," the Ministry of Health, Labour and Welfare

■ [Trends in medical care 3] Shift from hospitalization to out-patient in cancer treatments

Statistics estimate that one out of every two Japanese suffers from cancer, which is the leading cause of death in Japan. Cancer used to be called an "incurable disease," but it is now becoming a "curable disease" thanks to the improvement in medical technologies. However, the treatment of cancer accompanies long-term care and the forms of treatment are shifting from hospitalization to out-patient due to the spread of anticancer drug treatments (Table 3). On the other hand, standard private medical insurance and cancer insurance still cover hospitalization mainly and are not matching with trends in cancer treatment.

Table 3: Number of in-patients and out-patients in cancer treatment

Indices of the number of patients using 2002 as base-year



(Unit: Thousand)

	In-patients	Out-patients
2002	139	120
2005	145	140
2008	141	156

Source: "Patient Survey," the Ministry of Health, Labour and Welfare

■ [Trends in medical care 4] Public health care insurance system’s generous coverage for the elderly aged 70 and over

Japan has a quite advanced public health care insurance system even compared with other advanced countries, and special consideration has been given to the elderly people’s medical expenses by implementing “Reduction of maximum copayment in high cost medical care benefit system (for the elderly aged 70 and over),” “Long life medical care system for the elderly aged 75 and over,” etc. In private medical insurance, on the other hand, whole-life medical insurance remains the mainstream and amounts of benefit are fixed regardless of age and income in this type of insurance. This may lead to excess of benefits over copayment and eventually cause the increase in national medical expenditures and the impediment to the stable operation of the entire social security system.

Table 4: Patients’ copayment in public health care insurance system


	Age 6	Age 70	Age 75	
Patients’ copayment for medical expenditures	20%	30%	10%	
Individual limit	high cost medical care benefit system (General class income) JPY 80,100 +(100% of medical expenses-JPY 267,000) X 1%		high cost medical care benefit system (General class income) JPY 44,400 (Out-patient: JPY 12,000)	

Source: Prepared by Lifenet based on the Ministry of Health, Labour and Welfare’s website

■ Private medical insurance needs to change in response to changes in medical care

Currently private medical insurance mainly offers “whole-life” medical insurance products, benefits of which are “linked with the number of days of hospitalization” and “limited to the maximum number of days such as 60 days and 180 days etc.” However, Lifenet believes that private medical insurance should change in response to the great change in environment surrounding medical care such as “shorter hospitalization period,” “higher hospitalization expenses per day,” and “shift from hospitalization to out-patient in cancer treatment” etc. The answer Lifenet has reached after pondering “what private medical insurance should be like” is “term” medical insurance benefits of which are “linked with copayment regardless of hospitalization period” and which “covers cancer and advanced medical care.”


Table 5: Trends in medical care and private medical insurance coverage in Japan

Trends in medical practice	Mainstream private medical insurance	 “Jibun Plus” 定期療養保険 定期型 「じぶんへの保険プラス」 (がん・先進医療保障付き)
1. Shorter periods and higher expenses of hospitalization	Benefits linked with the number of days of hospitalization	Benefits linked with copayment regardless of hospitalization period
2. Long-term hospitalization occurring with a fixed probability	Limit for number of days covered per hospitalization (60 days and 180 days etc.)	
3. Shift from hospitalization to out-patient in cancer treatment	Hospitalization/Outpatient-period-linked benefits	Lump-sum diagnosis and treatment benefit of JPY 1 million + benefits linked with copayment for both hospitalization and out-patient
4. Generous coverage for the elderly aged 70 and over by public health care insurance system	Whole-life	Term (renewed every 10 years up to 70 years old)

■Up-to-date medical insurance linked with copayment regardless of hospitalization period

Considering the entire situation explained above, Lifenet, in order to respond to customer’s constant request for “Lifenet’s original insurance product”, and to achieve its Manifesto to offer simple, convenient, and competitively priced products and services based on the highest levels of business integrity, launches the copayment-linked term medical insurance that covers copayment portion of medical expenses during hospitalization and out-patient regardless of the number of days of hospitalization.

Table 6: Position of “Jibun Plus” in private medical insurance

		Type of benefits	
		Linked with hospitalization period	Linked with copayment
Insured period	Term (10 years, etc.)	Conventional medical insurance	 “Jibun Plus” 定期療養保険 定期型 「じぶんへの保険プラス」 (がん・先進医療保障付き)
	Whole-life (lifetime)	Current mainstream medical insurance	Not available* *based on research by Lifenet